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WORLD FOOD PRICES

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This week's cover:

Shopping in a U.S. supermarket—a chore that is currently being made difficult by rising food prices. However, U.S. consumers share their complaints with people around the world, who often are paying even higher prices out of smaller incomes. The article beginning this page focuses on some of these price problems.

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FOOD PRICES
Are Worldwide Problem—Governments Speed Search for Solution as Consumers React

U.S. consumers concerned over rising food prices need not feel alone. Their views have been echoed the world over—and with increased fervor during the past year—as inflation continues to mount in Western Europe, Japan, and many of the developing countries. For example—

- In France, butchers this past year protested fixed retail prices for beef cuts when wholesale costs were rising at twice the retail rate. But consumers still were paying some 15 percent more for their beef than a year earlier, causing the Government to focus on meat prices in anti-inflationary measures.
- In Italy, consumers returned from August vacations to find further increases in beef prices, which rocketed 30 percent during the year ending August 31. And that was just the beginning, as retail beef prices soared further to well over the equivalent of US$2.00 per pound, and shortfalls in domestic fruit and vegetable crops caused prices for certain of these to climb as much as 80 percent.
- In the United Kingdom, the Government clamped on a wage-price freeze in November 1972 to stem rising prices and other inflationary forces. At that time also, sentiment was strong against Britain's January 1, 1973, accession to the European Community (EC), where even higher food prices must be met by increases over the next 5 years in British prices.
- In Chile, the food and beverage group of the official consumer price index rose 243.3 percent in 1972.

These are just a few examples of food price problems that have developed abroad during the past year. Governments have responded with stiffer price controls and, in some cases, freer import policies. But halting the price spiral remains an elusive goal, complicated by such problems as soaring demand for meat and high-quality products, desired as people become more affluent; widespread crop shortfalls during 1971-72 in grains and other staples; and protective trade policies of the European Community (EC), Japan, and other countries and regional groups.

Among the developed countries, consumer concern over food prices has been most obvious in Western Europe—particularly the European Community.

During calendar 1972, prices gained by over 6 percent in

all of the EC Six (according to forecasts based on EC data), ranging from an estimated 6.2-percent increase in West Germany to 8.5 percent in the Netherlands. In most of the EC nations, meat prices—and beef in particular—accounted for much of the increase, with all of the EC Six recording gains of over 9 percent in the meat indices.

Although fueled by a number of factors, including rapid economic growth in the EC and resulting increases in consumer demand, these price jumps have focused attention on the very substance of the EC system, with its highly protective Common Agricultural Policy (CAP). Since the formation of the EC in 1958, the CAP has been gradually developed into an all-encompassing policy, affecting over 90 percent of EC agriculture. By controlling imports through an elaborate system of target prices, threshold prices, and variable levies, the CAP has thrown a protective shield around EC agriculture, serving to retain production inefficiencies while charging much of that protection—including the cost of subsidizing exports of surplus farm production—to the EC consumer.

Moreover, one of the original purposes of the CAP—to insulate consumers from sharp price increases on the world market—obviously has not worked during the current food shortage, since prices in EC countries last year rose much more sharply than in the United States and many other developed countries of the world.

In addition to problems of the original six members of the EC are those of the United Kingdom, Ireland, and Denmark, which joined the Community this January. In these countries, price rises over the next few years will be spurred by increases already planned in order to bring farmer returns up to the high levels prevailing in the EC.

With these and other aspects of inflation in mind, heads of government of the nine nations of the enlarged EC met in a Paris summit on October 19 and 20. Their joint communique instructed finance ministers meeting on October 30-31 in Luxembourg to adopt the necessary measures to control price rises. The Council of Ministers subsequently expressed the aim, among others, to limit price increases between December 1972 and December 1973 to 4 percent and to achieve this through temporary tariff reductions, quota liberalization, and other steps to expand supplies and reduce price pressures.

It is difficult to say which of the original six EC nations has been most affected by rising food prices. While the rate of increase has been faster in some other countries, it has perhaps been most troublesome in Italy—beset not only by inflation but also by recession.

Italian price gains, while apparent throughout 1972, accelerated in late summer, resulting in price controls being imposed in Rome on August 28. They were rescinded 2 days later, however, as a result of protests from producers and retailers that proved even stronger than those by consumers. Coming in the form of a butchers' strike and sympathy strikes by other retailers, those protests led to the replacement of the freeze with a system of voluntary controls similar to ones adopted earlier in Milan.

The Italians have been especially adamant over rising beef prices, which not only climbed dramatically during the year (boosting the meat index 13.4 percent) but also put pressure on prices of alternative products like pork and chicken. Furthermore, unfavorable weather damaged some fruit and vegetable crops in Italy, contributing to sharp price increases during 1972. These ranged from about 30 percent for citrus, apples, and pears, to around 50 percent for tomatoes and potatoes, to nearly 80 percent for onions and figs.

Butchers and beef have likewise figured prominently on the French scene, where jumps of 25 percent and more in wholesale beef prices last summer eclipsed gains of 15 percent at the retail level. With retail prices of certain cuts like frying beef (bifteck) controlled, butchers protested loudly while at the same time labeling some of their bifteck "filet" or "rumpsteak" for which there were no maximums. A compromise was finally reached, increasing the maximum prices somewhat.

As part of an anti-inflation drive begun in August 1972, France also moved to have imports of meat liberalized.

With consumer prices for calendar 1972 up about 8 percent—and food accounting for much of the rapid gain—

France has been under heavy pressure recently to take further measures. This pressure was accentuated by the impending elections of the French Assembly which took place last month. As a result, the Government on January 1, 1973, announced an anti-inflation package which included suspension of the 7.5-percent value-added tax on beef.

German officials also have been taking a hard look at their policies, which thus far have shied away from Government controls. While German prices in past years had risen at a much slower rate than those in other EC countries, they took a sizable 6.2-percent jump in calendar 1972 with an acceleration in the rate in the latter half of 1972. Among the categories, meat prices rose an estimated 12 percent; bread, biscuits, and cakes, 6.3 percent; dairy products, 5.4 percent; and fruits and vegetables 8.9 percent. Here again, the rise has focused attention on the EC Common Agricultural Policy and its effect on consumer prices.

In the Netherlands, food prices skyrocketed in the last half of 1972, ending the year with an 8.5-percent leap over calendar 1971. Meat prices were the biggest gainers, up 14.3 percent; but breads, up 9.4 percent, and dairy products, 9.3 percent, were close behind. As in the other EC countries, these increases created concern and some action. The Government, for instance, has sought a tripartite agreement among Government, labor, and employers to restrict price increases in 1973. Along these lines a system of compulsory registration of price increases has been established.

In Belgium, food prices, rising an estimated 6.9 percent in calendar 1972, climbed at a much faster pace than the general price index, with beef again accounting for much of the jump. Fruit and vegetable prices also showed a steep climb—almost 10 percent—following a decline between 1970 and 1971.

To halt the spiral in meat prices, the Belgian Government in September 1972 attempted to establish price controls on the sale of beef. A similar program had been attempted in 1971 but was abandoned following a butchers' strike. Strong opposition from the trade also prevented this new proposal from being implemented, but in November 1972 an agreement was reached between the Ministry of Economic Affairs and the retail meat trade, including supermarket chains, by which meat prices to the consumer would be frozen for 6 months. This measure has had more of a psychological than a practical effect since a clause permits price adjustments when cattle or hog prices increase by at least 5 percent at the livestock and meat market of Anderlecht (Brussels).

Among the new members of the EC, food price increases have found their most vocal resistance in the United Kingdom. Here, the index of retail food prices climbed 22 percent between June 16, 1970, and October 17, 1972, including increases of as much as 25 percent for certain bread items, 41.7 percent for New Zealand butter, and 36.5 percent to 48.4 percent for home-produced beef.

Food prices were thus the subject of much discussion in the United Kingdom last year, including the Debate on the Address—an annual debate following the Queen's address at the opening of Parliament, which occurred on October

AVERAGE ANNUAL FOOD PRICE INDICES FOR SPECIFIED OECD COUNTRIES
[1963 = 100]

Country	1968	1969	1970	1971	1972	Increase from 1971
						Percent
Canada	116.6	121.4	123.9	125.3	133.7	6.7
U.S.	113.6	119.4	126.0	129.8	135.4	4.3
Japan	130.1	138.0	149.1	157.6	163.4	3.7
Austria	118.0	122.0	127.0	132.0	[1] 140.0	6.1
Finland	147.0	152.0	154.0	160.0	174.0	8.8
Ireland [2]	122.2	129.5	139.4	149.7	167.0	11.3
Norway	122.0	127.0	143.0	152.0	162.0	6.6
Spain [3]	138.0	141.0	146.0	157.0	171.0	8.9
Sweden	124.0	127.0	137.8	150.7	162.2	7.6
U.K.	120.3	128.4	136.0	148.6	159.6	7.4

[1] USDA estimate. [2] Excluding beverages and tobacco. [3] Excluding tobacco.

Main Economic Indicators, Organization for Economic Cooperation and Development, Dec. 1972.

What Consumers Are Paying in The World Marketplace

The concern that accompanied world food price increases last year is a continuing one. In fact, it has accelerated in many countries, among them—

- The United States, where prices in January and February scored additional gains. Rising 2.1 percent (unadjusted) between December and January and another 1.9 percent in February, the food price index once again was boosted largely by meat, poultry, and fish prices, up 4.9 percent, although gains also were posted in the other major categories.
- The United Kingdom, where complaints about wages being frozen, while most food prices are not, spurred the nationwide strikes that have threatened its wage-price program, now in the Phase II stage.
- France, where consumer concern over prices may have contributed to the Communist-Socialist coalition's strong showing in the recent elections.
- Japan, where the world's highest prices prevail, with sliced Kobe beef for Sukiyaki bringing as much as $17.40 per pound, and musk melons for up to $15 per melon. Obviously, not everyone pays these prices, and per capita consumption of meat is far below that in the United States—averaging about 27 pounds per year compared with the U.S. level of 190. Determination to protect Japanese agriculture—by way of import barriers—is partly responsible for these high prices.

To see just what consumers in these countries and elsewhere are up against, U.S. Agricultural Attaché offices in 11 posts and the *Foreign Agriculture* staff in Washington, D.C., checked supermarket prices prevailing in mid-March. The tables at right show some of the prices found for commonly purchased foods of good quality.

SURVEY OF RETAIL FOOD PRICES IN SELECTED CITIES, AS OF MID-MARCH, 1973

[In dollars per pound, converted at current exchange rates, unless otherwise noted]

Meat products

City	Beef and veal		Pork		Lamb		Poultry	
	Item	Price	Item	Price	Item	Price	Item	Price
Bonn [1]	Roast beef	2.08	Chops	1.45			Broiler (Grade A)	0.62
	Veal, round	2.76						
Brasília	T-bone steak	.85	Pork loin	1.26	Chops	0.58	Broiler	.37
	Veal cutlets	.67						
Brussels	Sirloin steak	2.45	Roast	1.47	Leg, bone in	2.14	Broiler (frozen)	.66
	Roast beef	2.54	Chops	1.65	Rib chops	2.49	Turkey (whole frozen)	.85
	Veal steak	3.20	Bacon, sliced	.96				
Copenhagen	Veal fillet	6.51	Chops	1.96	Chop or leg	1.88	Broiler	.93
	Beef fillet	6.51					Turkey (whole)	1.27
London	Sirloin steak	1.88	Loin	1.19	Leg (Eng.)	1.26	Broiler (3-lb. oven ready)	.47
	Rump steak	2.25						
Ottawa	Sirloin steak	1.68	Loin chops	1.32	Leg (imported, frozen)	.99	Chicken	.65
							Turkey	.63
Paris [2]	Top round	2.57	Fillet	1.81			Broiler	.64
	Veal "escalope"	3.20						
Rome	Sirloin steak	2.79	Loin	1.75-2.00	Chops, cutlets	1.75-2.00	Broiler (whole)	.63-.71
	Veal steak	2.71-2.89					Chicken leg	.55
Stockholm [3]	Porterhouse steak	3.81	Fillet	2.50	Chops, frozen	1.98	Broiler	1.00
	Veal cutlets	2.82						
The Hague [4]	Beef steak	2.77	Rib chops	1.39			Broiler (frozen)	.48
Tokyo	Beef loin	11.90	Center-cut chops	2.72	Leg chop	1.87	Broiler	1.67
	T-bone steak	3.57	Loin	2.55	Whole leg	1.53	Turkey	1.17-1.24
	Ground beef	1.70-3.40	Bacon	1.78	Shoulder	1.19	Chicken wings	.93
Washington, D.C.	Sirloin steak	1.69	Loin	1.29	Leg	1.39	Fryer	.65
	Veal cutlet	2.29	Bacon	1.19	Rib chops	2.19	Turkey (butter ball)	.63

Nonmeat products

	Dairy products and eggs		Fruit		Vegetables		Bread	
	Item	Price	Item	Price	Item	Price	Item	Price
Bonn [1]	Butter	1.28	Apples	0.26	Tomatoes	0.55	White	0.33
	Cheese, Gouda	1.24			Cabbage	.11		
	Eggs/doz.	.88			Potatoes	.05		
Brasília	Butter	.61	Apples (ea.)	.31			7-oz. loaf	.30
	Eggs/doz.	.47						
Brussels	Butter	1.40	Apples, domestic	.20	Onions	.19	White (sliced in bag)	.21
	Eggs/doz.	.94	Oranges	.21	Potatoes	.08		
Copenhagen	Butter	1.16	Apples	.30	Potatoes	.17	White	.40
	Cheese (45%)	.91	Pears	.44	Lettuce (imported iceberg/head)	.63		
	Eggs/doz. (medium)	.86	Oranges	.20				
London	Butter (imported)	.57	Apples, dessert	.31	Onions	.15	White (per 1¾ lb. loaf, sliced)	.26
	Eggs/doz.	.71	Oranges	.22	Potatoes	.06		
Ottawa	Butter	.72	Apples	.83			White	.16
	Eggs/doz. (A, large)	.68						
Paris [2]	Butter	1.26	Apples	.26	Carrots	.13	White (sliced) per loaf	.79
	Cheese, Emmenthal	1.44	Oranges	.23	Lettuce	.43		
	Eggs/doz.	.44	Lemons	.39	Potatoes	.06		
Rome	Butter	1.98	Pears	.52	Spinach	.16	Loaf	.23
	Eggs/doz.	.60-.96	Oranges	.13-.21	Potatoes	.10		
Stockholm [3]	Butter	1.06	Apples, domestic	.29			White	.49
	Eggs/doz.	.99						
The Hague [4]	Butter	1.12			Potatoes (Bintje variety)	.06	White (1¾ lb. loaf)	.30
	Cheese (Gouda)	1.02						
	Eggs/doz.	.66						
Tokyo	Cheese, proc'd	1.30-1.46	Oranges:		Tomatoes	1.10	White	.17-.45
	Butter	1.38-1.68	Navel	1.53	Lettuce/head	.68-1.70		
	Eggs/doz.	.83-1.06	Mandarin	.21	Potatoes	.06-.11		
			Musk melons (per melon)	9.33-14.93				
Washington, D.C.	Butter	.85	Apples (Golden Delicious)	.35	Lettuce/head	.39	White	.31
	Cheese (Cheddar)	1.17			Onions	.23		
	Eggs/doz. (large, A)	.73	Oranges (Fla.)/doz.	.69	Potatoes (Idaho)	.20		

[1] Representative food-basket prices for week of March 3-11. [2] Average prices for 4 weeks ending Feb. 3 for meat and dairy products and average for 2 weeks ending Feb. 3 for fruit, vegetables, and bread. [3] Average supermarket prices as of March 15. [4] Calculated prices for January based on index figures per item published in *Maandshrift*, Feb. 1973.

NOTE: Owing to differences in cuts of meat, grading, and quality, prices will not be completely comparable from country to country. Also, because of the recent devaluation of the dollar, some inflation in price occurs when converted to U.S. dollars.

Tokyo housewives being checked out at the Shimada supermarket.

31 this past year. In his last appearance in Parliament before the Government reshuffle, then Agricultural Minister Prior said that food price increases had come largely as a result of factors beyond the Government's control. These, he said, included declines in crops and livestock in important producing countries—particularly the Soviet Union, whose grain shortfall led to increased world prices, and Oceania, where drought caused a tightening of dairy product and lamb supplies. He also admitted that further price gains—of about 2 percent a year—would be necessary during the next 5 years as a result of the United Kingdom adjusting to the EC price level. Transition toward this began on February 1.

The U.K. wage-price freeze, which was put into force on November 6 and is now in the Phase II stage, was designed to halt the rapid price rise and restore confidence in the pound. Foods affected by the freeze include manufactured foods, bread, and potatoes. However, fresh produce and imported raw materials are exempted.

The other new EC members—Ireland and Denmark—have also had sharp gains in their food prices. Ireland, in fact, has experienced one of the most rapid price increases of the 21 member nations of the Organization for Economic Cooperation and Development (OECD). According to OECD data, average food prices in Ireland grew 11.3 percent between 1971 and 1972. Built-in inefficiencies of Irish agriculture account in part for high prices, but the rapid adjustment to EC price levels has been a major factor behind recent increases.

In Denmark, rising food prices, with a sharp acceleration in February-March 1973, resulted in organized protests from housewives and a direct demand to the Prime Minister to reduce or eliminate the value-added tax on food products in line with policies of other EC countries. (In Denmark, the full 15-percent value-added tax is applied to food products.)

Although EC entry (CAP application) was blamed for the upswing, other factors, such as rising feed and processing costs, shortage of meat, and general inflationary trends, were far more important. The overall increase in food prices as a result of EC membership is expected to amount to only about 10 percent over the whole 5-year transition period and means a modest 1.5-percent increase in the overall consumer price index. In comparison, food prices in Denmark rose about 10 percent during 1972 over the previous year. The upswing is expected to continue as the EC CAP virtually ensures only upward movement in prices at the farm level, and marketing costs are bound to increase.

Among the other OECD nations, Finland showed the largest increase over the 1963 base level, with its index averaging 174 in 1972, or 8.8 percent above the average for 1971. Here, as in other Scandinavian countries, higher world prices and foreign demand contributed to a rise in domestic prices. Average December prices of selected foods included the equivalent of US$2.70 for fillet of beef, $1.08 for broilers, 24 cents for imported apples, 92 cents for butter, and 72 cents for white bread.

Neighboring Sweden had a 9.1-percent increase in food prices for calendar 1972 according to national data and a 7.6-percent increase according to OECD data on average prices.

Ranking next to Finland in price levels for OECD members was Spain, with a 1972 index of 171 or 8.9 percent more than the average for 1971. To curb its spiraling prices, the Spanish Government in late October 1972 authorized civil Governors of 50 Spanish Provinces to fix retail prices of perishable foods for 6 months, with new price lists issued weekly. Products subject to these measures include bread, milk, chilled and frozen beef, frozen fish, sugar, soybean oil, and rice, representing about 20 percent of the "food basket." In addition, the Government suspended import duties on meats and certain staple items.

Also worried about rising food costs is Japan, where monthly food price indices rose 6.2 percent between January 1972 and January 1973 to 114.5 (1970=100). Among individual items showing the sharpest increase in price were beef loin, up about 35 percent; eggs, up some 30 percent; and bread, up around 22 percent.

Of the OECD countries that report food prices, Japan has posted the fourth largest price gain since 1963. However, OECD statistics also show average Japanese food prices in 1972 up less than 4 percent from 1971.

Much of the blame for rising prices in Japan has been put on the world market, which necessarily accounts for a large share of Japanese food needs, although import barriers are probably a more important factor. A November 28, 1972, editorial in the *Japan Economic Journal* said that, "In no other recent year than this one has Japan come under such heavy and far-reaching impact of the rising prices of inter-

national farm commodities."

Items referred to were wheat, barley, corn, soybeans, rapeseed, sugar, coffee, beef, hides, and wool. The editorial said that while some price fluctuations are inevitable owing to the unpredictable nature of weather and other factors, fluctuations could be kept at a minimum by bolstering international agreements, making longer base import contracts, diversifying import sources, and stepping up economic and technical assistance to developing countries.

Among Western Hemisphere countries, Canada ended 1972 with a sharp, 1.4-percent, advance in food prices between November and December. This gain raised the food index at year's end some 8.6 percent above the 1971 level, for the largest increase of recent years.

Between November and December, the sharpest gains were in vegetables, up 8.6 percent; eggs, 11.2 percent; and beef, 2.1 percent. Pork prices were off 1.1 percent but not before having scored a 27-percent gain for the 12 months.

For the full year, the price increase was fueled by gains of 14 percent in meat, fish, and poultry prices; 16 percent in eggs; nearly 9 percent in fruit; 41 percent in honey; and 24 percent in sugar.

Despite the rising trend, Canada is bettered only by the United States, Denmark, and the Netherlands in having the lowest food outlay among OECD countries; this was an estimated 20.8 percent of total consumer expenditures in 1971.

In the United States, the rate of increase had been more moderate up until the sharp gains of January and February, which upped the food index 2.1 and 1.9 percent, respectively.

In all of last year, by contrast, U.S. food prices, on an unadjusted basis, rose just 4.7 percent. Largest gainers for the year were meat, poultry, and fish, up 10.3 percent; and cereals and bakery products, up 5.0 percent. The other major categories rose by less than 3 percent each.

While U.S. consumers are increasingly concerned over higher grocery bills, they still are better off than most foreign countries. Not only does this country have the world's lowest outlay for food—as a percentage of disposable income—15.7 percent (not including beverages)—but it also has had one of the slowest rates of increase in prices. Data on certain OECD countries in the

(Continued on page 20)

FOOD EXPENDITURES, SHARE OF CONSUMER EXPENDITURES AND DISPOSABLE INCOME, OECD COUNTRIES, 1960, 1965, 1969, 1970, PRELIMINARY 1971
[In percentage of total]

Countries	Share of consumer expenditures					Share of disposable income				
	1960	1965	1969	1970	1971	1960	1965	1969	1970	1971
Canada [1]	26.1	24.4	22.5	22.7	[2] 22.5	25.0	22.8	20.8	20.8	[2] 20.6
United States [1]	22.2	20.5	19.0	19.2	([3])	20.7	18.9	17.7	17.6	[2] 16.7
Japan	43.1	41.5	35.1	34.4	33.4	35.6	31.2	28.3	27.4	[2] 26.6
Austria	33.7	29.7	([3])	([3])	([3])	30.2	26.6	([3])	([3])	([3])
Belgium	27.5	25.6	24.0	24.0	23.1	24.6	21.8	20.6	20.1	([3])
Luxembourg	39.8	34.5	([3])	([3])	([3])	31.8	29.8	([3])	([3])	([3])
Denmark	23.4	21.4	20.1	20.9	21.3	20.8	18.9	18.4	[2] 18.2	([3])
Finland	44.2	40.7	40.3	39.2	([3])	40.2	35.7	35.0	34.1	([3])
France	32.3	29.2	26.3	25.8	([3])	29.2	25.9	23.6	22.6	([3])
West Germany [1]	37.7	33.6	30.6	29.9	[2] 28.9	32.0	28.2	26.2	25.2	[2] 24.2
Greece	42.1	39.1	37.7	([3])	([3])	38.4	33.9	32.5	([3])	([3])
Ireland	52.6	50.9	47.2	([3])	([3])	48.8	45.5	42.6	([3])	([3])
Italy	39.6	38.7	36.2	35.2	([3])	33.3	32.2	30.0	29.3	([3])
Netherlands	30.0	27.2	23.7	22.8	22.3	26.5	23.1	19.9	19.3	18.9
Norway	30.6	30.1	28.1	29.2	([3])	([3])	([3])	([3])	([3])	([3])
Spain	51.4	44.2	40.0	39.4	([3])	47.3	39.4	36.6	([3])	([3])
Sweden [1]	32.8	32.3	31.3	31.5	([3])	30.6	32.1	30.5	30.4	([3])
Switzerland [1]	35.2	34.7	33.2	([3])	([3])	32.1	29.8	28.7	([3])	([3])
United Kingdom [1]	37.5	34.9	33.7	33.1	([3])	35.7	32.7	31.9	31.3	([3])
OECD total	26.8	25.3	23.6	23.5	([3])	([3])	([3])	([3])	([3])	([3])

[1] In addition to food, includes all beverages and tobacco. [2] Preliminary. [3] Not available.
OECD, *National Accounts, 1960-70* and supplemental sheets.

EC-SIX: COST OF FOOD INDEX
[1966 = 100]

Item	1970	1971	1972 [1]	Change from 1971
Food and beverages:				*Percent*
West Germany	102.6	106.4	113	6.2
France	118.3	125.0	135	8.0
Italy	109.8	114.8	123	7.1
Netherlands	115.1	119.8	130	8.5
Belgium	112.9	115.1	123	6.9
Luxembourg	114.3	118.7	127	7.0
Breads, biscuits, and cakes:				
West Germany	111.6	120.4	128	6.3
France	([2])	([2])	([2])	([2])
Italy	109.9	115.8	123	6.2
Netherlands	123.4	131.6	144	9.4
Belgium	122.6	131.6	140	6.4
Luxembourg	138.6	150.9	159	5.4
Meat:				
West Germany	99.6	99.1	111	12.0
France	([2])	([2])	([2])	([2])
Italy	109.3	114.7	130	13.4
Netherlands	119.0	122.5	140	14.3
Belgium	118.3	120.1	133	10.7
Luxembourg	118.0	121.4	133	9.6
Milk, butter, cheese:				
West Germany	105.7	113.8	120	5.4
France	([2])	([2])	([2])	([2])
Italy	112.7	122.8	133	8.3
Netherlands	115.5	125.3	137	9.3
Belgium	100.4	105.6	112	6.1
Luxembourg	105.6	111.6	122	9.3
Fruits and vegetables:				
West Germany	99.0	98.3	107	8.9
France	([2])	([2])	([2])	([2])
Italy	120.6	122.9	131	6.6
Netherlands	113.8	110.0	115	4.5
Belgium	103.3	92.0	101	9.8
Luxembourg	107.3	103.7	110	6.1

[1] USDA estimate. [2] Not available.
General Statistics, 1972—No. 12, Statistical Office of the European Community.

South African farmer examines apples, some of which may be exported to the big U.K. market.

British Entry Into EC Changing World Apple Market And Raising U.K. Prices

By ROGER F. PUTERBAUGH
Assistant U.S. Agricultural Attaché
London

IMPORTED APPLES are costing British consumers about 6½ U.S. cents per pound more since compensatory import charges were imposed on February 1. These charges are part of the transitional arrangements begun following the United Kingdom's entry into the European Community (EC) this January. At the same time, change is on the horizon for apple trade patterns, as the large U.K. market becomes more open to EC exporters and less so to third country exporters, including Commonwealth countries.

Like the European Community, the United Kingdom in the past has maintained seasonally varying import duties on apples. In addition, the United Kingdom has had import quotas controlling purchases from outside the sterling area.[1] The duty on apples other than cider apples from non-Commonwealth countries from April 16 to August 15 was £0.225 per British hundredweight (or about US$10.40 [2] per metric ton). During all other periods, there was no duty. Also, Commonwealth countries and South Africa enjoyed duty-free status on apples the year round.

Quotas were set by the Ministry of Agriculture, Fisheries and Food (MAFF) and administered by the Department of Trade and Industry. Two 6-month quotas (July-December and January-June) were announced in advance for the year, and during the year supplemental quotas were announced if MAFF considered them necessary to ensure adequate supplies of apples. The usual quotas were: July-December, 15,200 long tons, and January-June, 68,750 tons.

The basic July-December 1972 quota again amounted to 15,200 tons this year,

[1] Commonwealth countries (except Canada and Rhodesia), together with the Irish Republic, Iceland, Libya, Republic of South Africa, South West Africa Territory, Muscat and Oman, Jordan, Kuwait, and South Yemen. [2] The pound sterling is floating at present, but a fixed conversion factor of £1 = US$2.40 is used here.

but was augmented by a 20,000-ton supplemental quota for import in December because of the United Kingdom's short 1972 apple crop.

With entry into the EC, however, the United Kingdom moves out from under the quota regulations. Since the EC's Common Agricultural Policy (CAP) began applying to the United Kingdom on February 1, 1973, the usual January-June quota was canceled. However, a quota of 31,500 tons was set for January only and subsequently supplemented by an additional 10,000 tons to assure adequate supplies and hold apple prices in the United Kingdom at a reasonable level.

These adjustments are part of the United Kingdom's transition to full customs union with the other members of the enlarged EC. The transition is to be completed at the end of 5 years (1978) or sooner if the acceding country decides to speed them up. And if only minor differences between individual country import charges and the EC Common External Tariffs (CXT) exist, the full CXT may be applied at any time.

The purpose of the transitional period is to permit industries within the acceding countries to adjust gradually to the CAP.

In addition to U.K. duties on imported apples, on February 1, 1973, compensatory amounts were introduced. The main purpose of these compensatory amounts is to protect the homegrown apple industry and to ensure a price advantage for apples imported from other EC members during their main shipping season.

In addition, a duty advantage given Southern Hemisphere Commonwealth countries during their harvest shipping period is to be phased out during the 5-year transitional period. This will force Commonwealth apples to compete on an equal basis with apples from all other third countries. Southern Hemisphere suppliers will not, however, be overly affected by the U.K. compensatory levy system, simply because of the difference in their harvesting and marketing period. A large share of Southern Hemisphere fruit is marketed in the period April 1-July 31, when the U.K. levy system will not be in effect.

THERE ARE NOW TWO main elements to consider when calculating total import charges—first, the U.K. duty and second, compensatory amounts. The U.K. duty is shown in the table, as are the slightly different arrangements for intra-EC trade, trade with Commonwealth countries, and trade with all other countries. The basic compensatory amount (approximately £47 or US$113 per metric ton) applies to all imported apples from August 1 through March 31. There is no basic compensatory amount during April 1 to July 31, 1973, because U.K. and EC producer prices are not available for that particular period.[3]

The EC gains an advantage over all third countries during August 1 through March 31, since only the basic compensatory amount is paid (the U.K. duty during the August 1 through 15 period being offset in the second part of the compensatory amount). The second part of the compensatory amount, as it applies to all third countries, is the difference between the Common Customs Tariff and the U.K. duty.

The EC countries (mainly France) are thus the primary beneficiaries of this new system, enjoying considerably lower total import charges from August 1 through March 31, their main shipping period.

Southern Hemisphere Commonwealth suppliers (mainly South Africa and Australia) enjoy free duty during their main shipping period, which extends from April 1 to July 31.

The United States gains a slight advantage compared to conditions in the past in that competition is now equalized from all third countries, except Commonwealth from April 16 to July 31.

As mentioned earlier, the transitional arrangements (compensatory amounts and U.K. duty) are to be phased out over a 5-year period by five annual 20-percent reductions. The Common External Tariff that will apply to all third countries will be phased in during the same period. Thus, at the end of the transitional period, assuming the current system is not changed, there should be no customs duties between the members of the enlarged EC. Ad valorem duties on imports from all third countries will apply as follows: January 1 through March 31, 10 percent; April 1 through July 31, 8 percent; and August 1 through December 31, 14 percent.

Production in several of the EC countries will probably expand (especially France), and third countries, especially Canada, will probably be shipping fewer apples to the United Kingdom. Southern Hemisphere countries, due mainly to the natural advantage of harvesting in the off season, will most likely hold nearly their same share of the market.

[3] From 1974 through the remainder of the transition period, the 8 percent CXT will be phased in in five equal steps.

APPLES: U.K. DUTIES, COMPENSATORY AMOUNTS, AND TOTAL IMPORT CHARGES
[In U.S. dollars per metric ton] [1]

Time period	EC [2]				Commonwealth countries				All other countries			
		Compensatory amounts				Compensatory amounts				Compensatory amounts		
	U.K. duty	Basic [3]	U.K. duty	Total import charge [4]	U.K. duty	Basic [3]	CXT-U.K. duty	Total import charge [4]	U.K. duty	Basic	CXT-U.K. duty	Total import charge [4]
Feb. 1-Mar. 31 [5]	Free	113	None	113	Free	113	36	149	Free	113	36	149
Apr. 1-Apr. 15	Free	None	None	None	Free	None	None	None	Free	None	None	None
Apr. 16-Jul. 31	11	None	None	11	Free	None	None	None	11	None	None	11
Aug. 1-Aug. 15	11	113	11	113	Free	113	40	153	11	113	40	164
Aug. 16-Dec. 31	Free	113	None	113	Free	113	50	163	Free	113	50	163

[1] Data computed from pounds sterling at the rate of US$2.40. All amounts rounded to nearest dollar. [2] Does not cover trade from Denmark and Ireland as the arrangements between the United Kingdom and Denmark and Ireland vary slightly. [3] Applies to Grade 1 apples. [4] Assumes constant price of apples of US$3.60 per metric ton. [5] In 1974, the period will be Jan. 1 to Mar. 31.

Exports of agricultural products mean increased profits for U.S. farmers. But in some overseas markets, risks exist that export credit insurance can minimize.

Export Credit Insurance Program Helps Support Farm Exports

By REGINALD J. DENTON
President
Foreign Credit Insurance Association

FOR GRAIN OR COTTON, beef or breeding cattle, rice, poultry, frozen foods, fresh vegetables and fruits, canned or processed foods there are growing markets overseas. New programs of the Foreign Credit Insurance Association (FCIA) are designed to assist America's farmers and food brokers to penetrate and develop these markets.

FCIA is an organization of 50 of the Nation's leading capital stock and mutual property insurance companies. It was created in 1961 to enable U.S. exporters to compete on more favorable terms with exporters in other major trading countries.

In cooperation with the Export-Import Bank of the United States (Eximbank), an independent agency of the Federal Government, FCIA insures exporters against the risk of nonpayment by foreign buyers for commercial or political reasons. FCIA insurance also facilitates the financing of term credit sales, thus providing U.S. exporters with support to meet competitive terms of payment offered by other countries.

In order to service increasing numbers of U.S. exporters, FCIA has recently expanded and simplified its coverage, reorganized its internal operations, and embarked on large-scale educational programs for exporters, bankers, and insurance agents and brokers. FCIA has joined the worldwide Green Revolution by offering its insurance to exporters of agricultural chemicals and fertilizers as well as to suppliers of bulk and processed commodities.

Also, existing programs traditionally offered by FCIA have been improved to meet the needs of particular commodity groups. And new programs have been designed to encourage large companies to expand their export trade and small companies to enter the export field.

Several FCIA programs and services are of direct interest to the agricultural sector. Among them—

- **Coverage of 98 percent for bulk commodities.** FCIA offers protection against nonpayment due to commercial or political reasons for up to 98 percent of the invoice value of the export sale of unprocessed or bulk commodities such as cotton, tobacco, grain, rice, wheat, corn, lard, tallow, and vegetable oils.

- **One-year terms.** For sales of most agricultural products FCIA policies provide terms of up to 1 year when these are required to get the order. For unprocessed agricultural commodities, FCIA will cover shipments on a standard short-term basis (i.e., no cash payment), provided the exporter offers for insurance all eligible export sales or an agreed percentage based upon mix or spread of various foreign markets. Coverage per buyer is available under standard medium-term policies (up to 1 year), provided the buyer will pay at least 10 percent cash prior to delivery.

- **Master policy.** This new policy is designed to assist large export brokers of bulk commodities such as cotton, tobacco, grain, and rice. But the master policy is equally adaptable to volume exporters of other agricultural commodities. It is also particularly suited to those exporters who deal in more than one commodity and desire to insure all their exports as a package deal and thus benefit from lower rates and simplified reporting procedures.

A master policy provides blanket coverage for both political and commercial credit risks for all of an exporter's eligible short- and medium-term credit sales. A deductible provision for commercial risks is included in the policy.

Many commodity shippers have not been so concerned with a buyer's commercial credit default, or slow payment, or even bankruptcy as they have been with the political risks of doing business abroad, which could affect the ability of the buyer to transfer dollars in settlement of accounts due.

Therefore, under the deductible provision of the master policy, the exporter can reduce his cover against commercial credit risks by carrying the "first loss" up to an agreed limit, for his own account; and at the same time he can receive normal FCIA protection on the less predictable political risks.

In return for an exporter's assuming the first loss for commercial risks, FCIA will authorize him to contract a sale up to a "discretionary credit limit" and to commit FCIA for commercial cover without its prior approval. This substantially improves his ability to negotiate a transaction quickly. And it vastly reduces the resulting paperwork.

Premium rates vary and take into account the deductible factor—they are substantially lower than rates for nondeductible policies. Also reflected in master policy premium rates are the spread of the exporter's business risks and the amount of the discretionary credit limit.

- **Prequalification program.** FCIA has instituted a computerized system to prequalify or "PQ" buyers by establishing guideline credit limits up to which FCIA's branch offices can promptly commit FCIA upon receipt of an exporter's specific request to cover.

For more effective service to U.S. cotton exporters, FCIA has initiated a program to PQ the leading cotton buyers worldwide. A similar program is planned for the tobacco industry, and other commodity groups will be added as the need is indicated.

- **Exhibitor's policy for participants in USDA trade shows.** To enhance the ability of participants in overseas exhibitions to sell products at the show, FCIA now offers an exhibitor's policy to exhibitors not insured by FCIA under standard policies.

Not only does this policy provide protection against commercial and political risks comparable to the protection that is provided by the standard FCIA policy; but it also will improve the ability of the exhibitor—whether or not he is an existing policyholder—to offer competitive terms to his buyer for immediate sales at the show. The policy is valid for the duration of the event and 15 days after it closes.

These FCIA programs and services protect the exporter against the risk of nonpayment of his foreign accounts for commercial and political reasons. Although the policy specifically defines the risks covered, exporters should be particularly aware of specific risks in-

herent in the export of agricultural products.

For example, the U.S. export license or the foreign import license could be canceled; or there could be delays in transfer which prevent or defer the timely receipt of dollars due against a sale. Preshipment risks include a political action by a foreign government or the bankruptcy of an overseas customer.

Financing is an integral part of any foreign sale, and overseas buyers are increasingly insisting upon credit terms. The exporter himself may well require preshipment financing.

Secured shipping terms have for many years been a comfortable way of doing business with a minimum of risk. Many shippers of agricultural commodities, for example, have traditionally enjoyed the luxury of payment by confirmed irrevocable letters of credit or at least cash against documents. Yet to continue to demand such conservative terms in today's competitive world may well mean loss of sales.

"New programs have been designed to encourage large companies to expand their export trade and small companies to enter the export field."

Such questions as the following should be paramount in the mind of the U.S. agricultural exporter. Will the increasing competition from other tobacco-growing countries reduce the U.S. share of overseas markets because of quality or sales terms? Could a cotton broker improve his export price if he eliminated his requirement for letter of credit terms? Should the exporter of processed foods offer open-account terms to established buyers and thereby reduce his customer's cost of doing business?

FCIA export credit insurance is not only a means to convert a high-risk transaction into a preferred transaction protected against stated commercial and political risks. It is also a financing vehicle.

Commercial banks are more inclined to offer nonrecourse financing to an exporter if his payments are insured. The bank may also offer a better rate of interest; and it may be more willing to finance sales to higher risk countries. U.S. agricultural products are well regarded abroad for quality and dependability of supply. But these factors alone cannot assure retention of the market, and it is increasingly clear that exporters must be willing to offer improved credit terms.

"Export credit insurance is not only a means to convert a high-risk transaction into a preferred transaction. . . . It is also a financing vehicle."

Commodity problems. Cotton, for example, is still sold to a great degree today on confirmed or irrevocable letter of credit terms. Adding the confirmation fee of the American bank to the often high opening commission of the overseas bank can increase the cost of American cotton.

If a cotton broker has been selling for a number of years to an overseas mill, perhaps he might like to consider offering documentary draft terms, even up to 90 or 180 days.

Even assuming the use of a letter of credit, is there not a potential risk from the time the contract is entered into and the time the letter of credit is established? Perhaps the import license will be canceled. Perhaps there will be a political change in the importing country, or the overseas mill may go bankrupt. The exporter can be insured against these risks under preshipment coverage at a modest premium rate.

Some exporters have warehoused commodities abroad to serve their overseas customers. Consignment insurance from FCIA will protect these exporters against political risks while their products are warehoused abroad. Upon sale from consigned stocks, standard FCIA coverage applies.

Tobacco is traditionally sold on open account, draft, or letter of credit terms depending on the market involved.

If foreign producing nations begin active penetration of the market at substantially lower prices, credit terms might well make the difference between sale or no sale of U.S. commodities abroad. Credit terms allow the importer to finance his purchase from the United States in the U.S. money market at lower rates than those available in his country.

Tobacco brokers must also process raw tobacco to meet the specific needs of individual foreign buyers. This processing is undertaken between the fall buying season and the spring shipping season.

Political events may prevent the buyer from fulfilling his contract. FCIA preshipment insurance will protect the broker and his bank against such risks.

Claims. A look at FCIA's claims shows the need for export credit insurance in all types of agricultural exporting transactions. Nonpayment has occurred for a variety of agricultural products, in countries scattered worldwide, and for sales large and small. Default has been for both commercial and political reasons—protracted default or bankruptcy being all too common a contribution in FCIA's claims experience.

On a product basis, for example, FCIA has paid claims to an exporter of poultry to Italy and another to an exporter of parboiled milled rice to Liberia. And countries where such claims might arise span the globe—one claim was paid to an exporter of instant coffee to Malaysia and another to an exporter of baby chicks to Jamaica.

Markets are becoming increasingly competitive. Quality, promptness in meeting delivery schedules, and prices are, of course, all important. But credit is a competitive necessity. FCIA policies are designed to help an exporter sell—to penetrate new markets and to maintain and expand existing markets.

"Quality, promptness in meeting delivery schedules and prices are, of course, important. But credit is a competitive necessity."

They are also a means to offer prudent terms to an overseas customer.

Eight FCIA branches across the country—in Atlanta, Chicago, Cleveland, Houston, Los Angeles, Milwaukee, New York, and San Francisco—as well as a liaison facility in Washington, D.C., are ready to assist exporters, in every possible way, to meet the Nation's goal of steadily rising farm exports.

WHAT'S HAPPENING TO JUTE?

By J. C. HOBBES
Sugar and Tropical Products Division
Foreign Agricultural Service

Declining jute consumption in developed countries—in evidence since 1966-67—is creating worries for jute-exporting countries, which fear significant economic problems if the trend continues. The concern is that demand for jute in traditional end uses is falling off in the face of new bulk-handling techniques and increasing competition from manmade fibers. Contributing to the problem have been uncertainties regarding price and supply, which were exacerbated by disorders related to the separation from Pakistan of Bangladesh —one of the top jute exporters.

Jute (and kenaf, a similar but lower priced fiber) is grown in many parts of the world, but almost all of the fiber entering trade in either raw or manufactured form originates in only three countries—Bangladesh, India, and Thailand. Bangladesh accounted for about 47 percent of the fiber produced by these three countries during the 3 years ending in 1970-71. The adjacent parts of India accounted for about 42 percent, and Thailand, which grows mainly kenaf, made up the remaining 11 percent. Few other major commodities are so vulnerable to developments in so few countries.

At the same time Bangladesh and India's West Bengal State are highly dependent on jute as a source of income and employment in areas where few other industries exist. In Bangladesh, formerly East Pakistan, jute in recent past years has accounted for over 90 percent of foreign exchange earnings. In the jute-growing areas of India, it has had a similar large importance, although for India as a whole, it accounts for only about 14 percent of export earnings. In both Bangladesh and Calcutta, India, jute mills provide a large part of industrial employment.

Thailand, by contrast, depends on jute (kenaf) for less than 1 percent of its export earnings.

While all three countries have a significant involvement in world jute trade, the makeup of their trade varies considerably.

India uses practically all the raw fiber produced domestically in the manufacture of jute goods and is very close to self-sufficiency in fiber under normal conditions. The Calcutta area is the world's largest jute-manufacturing center. Although India has a growing internal market for burlap bags, approaching 48 percent of total fabric production in 1970-71, continued reduction in exports of jute goods would lead to problems.

East Pakistan (now Bangladesh), the only important exporter of true jute, increased fiber production during the 1950's and 1960's but expanded mill production at an even faster rate. By 1969-70, domestic manufacture—virtually all for export—had increased to consume roughly half the fiber crop. Through 1970, this enabled Bangladesh to increase foreign exchange earnings because of the switch to jute products.

This expansion created stiff competition for India, causing its mill production to contract. However, following events leading to the breakoff of Bangladesh in 1971, India increased its mill consumption temporarily to fill the gap created by decreased exports of jute manufactures from Bangladesh. Indian exports again declined with the reentry of Bangladesh into world markets.

Virtually all Thai fiber is exported raw. These exports have been trending upward, allowing Thailand in recent years to account for over a third of raw fiber exported from the three-country area.

Jute consumption has been fueled since the fifties by rising output of tufted carpets, particularly in the United States, with an accompanying demand for jute carpetbacking. U.S. carpetbacking imports grew from less than 42,000 long tons in 1960 to a peak of almost 199,000 in 1969. India's production of carpetbacking more than doubled in the 7 years ending in 1971-72.

At the time demand for jute carpetbacking was rising, however, other developments were taking place that would eventually cut sharply into the market for jute products. First, widespread use of bulk-handling techniques for storing and moving high-volume commodities, such as grain, drastically reduced demand for burlap bags. Later, jute came to be displaced by paper in many heavy-duty packing applications. More recently, manmade substitutes, mainly polypropylene, have posed the most serious threat yet faced by jute in all major applications.

Polypropylene is seriously eroding many end-use markets traditionally occupied by jute, and a switch away from jute tends to be irreversible. For most end uses, jute continues to offer highly desirable technical characteristics, but research programs of petrochemical companies are making progress in widening polypropylene's adaptability.

Polypropylene is now price-competitive with jute. Moreover, in many consuming countries it is available closer at hand and at a more stable price than jute, which remains vulnerable to vagaries in growing conditions, shipping difficulties, and political unrest such as occurred in Bangladesh. Manufacturers traditionally using jute can switch to polypropylene with relatively moderate adjustments in plant operations and still sell to the same customers.

"Polypropylene is seriously eroding many end-use markets traditionally occupied by jute, and a switch away from jute tends to be irreversible."

These factors, plus growing competition from industries on the subcontinent, have contributed to a downward trend in conversion of raw jute to manufactured goods in Western Europe—the largest jute-manufacturing center outside Asia. According to FAO data, West European manufacture of jute goods between 1965-66 and 1969-70 declined at the average rate of 17,750 metric tons a year, from 467,700 tons to 396,700.

During these years, the Intergovernmental Group on Jute, Kenaf and Allied Fibers at its FAO-sponsored meetings in Rome was urging that raw fiber export prices be kept high enough to allow producers a fair return, yet low enough to discourage further inroads by synthetics; its recommended price

range was from $218 to $269 per ton, Grade D, f.o.b. Bangladesh ports. But a short crop in all three large producing countries in the 1968-69 crop year led to an average price for that season of $288 per ton. In the following 2 years, prices stayed near the upper end of the range and at times exceeded it by a substantial margin.

In 1970-71 and 1971-72, during the turmoil in Bangladesh, raw fiber prices remained relatively high, and for several months overseas shipments ceased completely. As a result, West European jute manufacturing declined at a still-faster rate than the rapid falloff of the previous years, with outturn in 1971-72 dropping some 35 percent below the 1965-66 level to an estimated 301,900 metric tons.

At its October 1972 meeting, the Intergovernmental Group estimated that a recovery in Bangladesh production during 1972-73, combined with expanded Thai output, would more than offset a drop in Indian fiber production, making export availabilities adequate for total import requirements. It was noted, however, that a return to a more viable price level would require that Bangladesh authorities overcome internal transportation problems still impeding movement of the country's ample fiber supplies to overseas buyers.

The Group also expressed concern over the fact that in polypropylene polymer prices in the main consuming countries had dipped to levels as low as or lower than had been expected. This development, along with the much expanded polypropylene plant capacity of recent years, was seen creating further problems for jute and kenaf.

The Group went on to say that use of polypropylene has grown rapidly in Japan, the United Kingdom, West Germany, and the United States. And in Australia, polypropylene has edged jute almost completely out of the woolpack market, formerly an important outlet for jute.

Only areas cited in which jute has not lost out to polypropylene were Belgium, where output of specialty yarns for woven carpets is very important, and Eastern Europe.

Although it is the world's largest jute-product consumer, the United States is not bound as closely to the raw fiber as other developed countries since it has no large jute manufacturers, except for several spinners producing yarn for woven carpets. During 1969-71 U.S. imports of raw jute, some of it for padding purposes, totaled less than 7 percent of total jute imports, including jute goods.

The largest U.S. import has been jute fabric under 100 inches wide. This includes large rolls of burlap for conversion here into bags, cut and printed to the buyer's specification. Much of the rest is used in furniture and upholstery. The total U.S. market for heavy-duty bags is reportedly contracting, while manmade fibers are cutting into the remaining market. This largely accounts for declining imports in this category, a decline which continued throughout 1972.

U.S. consumption of backing for tufted carpets at one time was practically monopolized by jute fabric: each square yard of good-quality tufted carpet contained two square yards of jute carpetbacking, one of primary backing to hold the tufts plus another to provide body and protection. However, as recently as 1968 manmade fibers accounted for 16 percent of all primary backing, a figure that climbed to over 48 percent in early 1972. Jute backing is holding its own better in the area of secondary backing, but in early 1972 jute comprised only 56 percent of all tufted carpetbacking, primary and secondary, as compared with 76 percent in 1968. This declining share of a growing market is due to price competition and technical advancements in the manmades and has caused much consternation within the Indian industry, which has counted carpetbacking as its major dollar earner.

Indian and Bangladesh authorities are pressing programs and policies aimed at lowering the export price of raw fibers and processed goods and otherwise maintaining jute's position in the world market. However, there is little evidence of factors now at work that would reverse the adverse trends just outlined. Facilities for producing polypropylene bags are proliferating, even in some other developing countries. On balance, the future of jute must be viewed with growing pessimism.

Prospects Favorable for Canadian Crops

The Spring Outlook Report for Canada's major crops, released by the Canadian Department of Agriculture, predicts generally optimistic production and marketing prospects for the coming season.

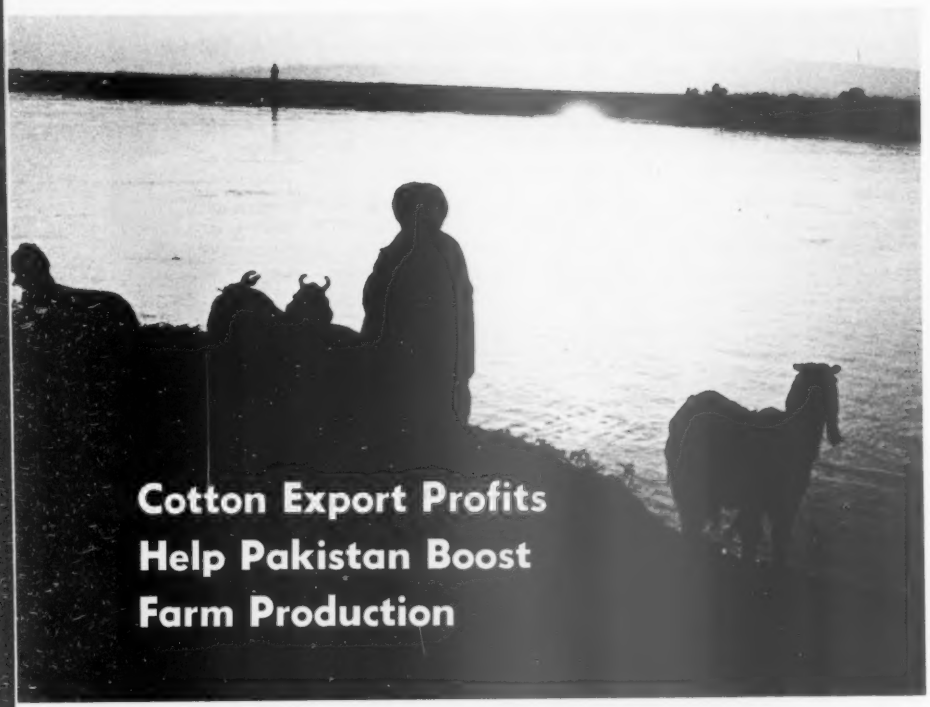
The Canadian Wheat Board has recommended that the Western area in **wheat** be increased by about 30 percent, in view of prospective export sales and domestic utilization, as well as the desirability of increasing commercial stocks. The Board will accept producer deliveries of at least 500 million bushels of spring wheat and a minimum of 55 million bushels of Durum in 1973-74. However, total production may exceed this level by some 150 million bushels.

Demand will remain relatively strong for Canadian **barley** and the Wheat Board will accept a minimum of 280 million bushels in 1973-74. An area of 14 million acres in the West is recommended. If domestic disappearance is about 355 million bushels, total disappearance will exceed 500 million bushels.

About 5 million acres of **oats** for grain are recommended for 1973. **Rye** area of 600,000 acres, a little higher than the area planted last year, is suggested for 1973-74. While acreage in **corn** may be affected by high prices of soybeans and winter wheat, corn area is likely to increase. To maintain **rapeseed** supplies for export and domestic use, 4.2 million acres would be desirable. With yields of 18 bushels per acre, production would be 76 million bushels. Prices should remain strong, averaging near 1972-73 levels.

Prices of **soybeans** are likely to be high in 1973-74 but a modest decline from 1972-73 is expected. To maintain **flaxseed** supplies for export and domestic crushing, about 2 million acres are required. Yearend stocks and production of 27 million bushels would give total supplies of 35 million bushels.

Stocks of most fresh and processed **fruit** are below last year's level and prices are relatively high. This is also true of potatoes and most other fresh **vegetables.** Demand for fresh and processed fruits and vegetables should continue strong next season. Flue-cured **tobacco** production was down by 12 percent in 1972 and prices were up about 20 percent; 1973 acreage is likely to increase.



Cotton Export Profits Help Pakistan Boost Farm Production

By JOHN B. PARKER, JR.,
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PAKISTAN'S PROGRAM to modernize and diversify farm production—largely financed by cotton export profits—pushed agricultural output to record levels in 1972. In an effort to continue the present upswing, Pakistan plans to increase imports of farm inputs such as fertilizer, tractors, irrigation equipment, and high-yielding seed—some from the United States.

A shortage of foreign exchange, which has hindered imports of these farm inputs in the past, is being relieved, as exports in fiscal 1973 approached the value of imports—$600 million—for the first time in Pakistan's history. This was due mainly to spectacular gains in exports of short staple upland cotton and cotton products. Also, exports that previously went to Bangladesh were successfully diverted to world markets.

Pakistan's farmers depend largely on the Indus River and its tributaries to irrigate about 33 million of the 49 million acres utilized for crops. The arid climate limits crop damage from insects and disease, and is free of frost so that crops can be grown throughout the year.

Expanded use of farm inputs enabled Pakistan to up grain production markedly between 1967 and 1970. Because of the record wheat crop, agricultural production in 1970 reached an index rating of 157, based on a 1961-65 average of 100.

During 1971 and 1972, however, inadequate irrigation and fertilization caused severe setbacks in yields of cereal crops, lowering the proportion of total agricultural production provided by wheat and rice. The farm production index reflected this decline by dropping to 151 in 1971, but rose again to a record 160 in 1972.

The share recorded for cotton and horticultural crops increased, however. Part of this gain was accomplished through greater use of multiple cropping by farmers, many with newly acquired tractors. More than one crop is now planted annually on about 20 percent of the irrigated cropland.

Pakistan's imports of farm inputs range between $100 million and $130

Upper Jhelum Canal, top, and Mangla Dam, above, are part of the world's largest irrigation system. Below left, drying seed cotton. Below right, farmer opens ditch to water wheat.

million annually. The United States is an important supplier of phosphate fertilizers to Pakistan and in the first 9 months of 1972 provided 30,500 metric tons valued at $2.9 million. Imports of nitrogenous fertilizers, rising in recent years, are mainly from Kuwait, Saudi Arabia, and East European countries.

Pakistan's imports of farm machinery usually exceed $20 million. Although farm tractors are not imported from the United States, this country is a major supplier of large tractors and bulldozers used in building irrigation projects.

RISING DEMAND for imported fertilizer and tractors by Pakistan's farmers is being spurred by greater profits, which are in part because of increased use of higher yielding varieties of wheat, rice, cotton, and sugarcane.

Government incentives are encouraging farmers to grow high-yielding grain and oilseed crops. The Agricultural Development Corporation (ADC), which is responsible for supervising the procurement and distribution of farm inputs, provides new varieties of high-yielding seed to farmers at 25 percent of cost.

The ADC has created a number of foundation seed farms which furnish improved seeds to farmers. It has also initiated a program for large-scale seed production, whereby registered growers produce seed which the Government purchases at premium prices. New seed-testing laboratories have been built to insure that quality seed, free of weed and disease, is distributed to farmers.

Wheat production, which fell from 7.3 million metric tons in 1970 to 6.7 million tons in 1971, is expected to again top 7 million tons—and may reach 8 million tons—in 1973, due to a marked rise in fertilizer use, expanded use of high-yielding varieties, and exceptionally good weather conditions.

The majority of Pakistan's wheat area is planted in a high-yielding semi-dwarf variety—first imported from Mexico—which is successful owing to its complete environmental adaptability. In 1967, Pakistan imported 42,000 tons of this wheat seed—renamed Mexipak—and produced about 600 tons of wheat. Last year, Mexipak accounted for about 75 percent of the total wheat crop, compared with 35 percent in 1968.

Another Mexican dwarf wheat, which was developed under irrigation in almost the same latitude as the Indus Basin, has been introduced into Pakistan with no significant insect or disease problems.

Two tons of IR-8 **rice** were imported by Pakistan's Government from the Philippines in 1966. By 1968, yields from IR-8 were double those of native rice. Unfortunately, IR-8 is very chalky, leading to export problems and consumer resistance domestically. By conventional milling processes, as much as 30 percent broken grains have been reported.

Two other high-yielding varieties of rice—IR-6 and Mehran 69—which possess better grain quality than IR-18 are being multiplied in Pakistan and distributed to farmers. The Government is distributing other improved varieties, including Basmati—a food crop now earning substantial foreign exchange. Basmati growers are required to sell their export crops to the Government.

A new variety, Dokro Basmati, has been evolved by selection and isolation from Punjab Basmati types. It is fertilizer responsive, gives a 50-percent higher yield than regular Basmati, and escapes the stem borer by its early maturity—75-80 days compared with 115-120 days. Another variety, Basmati 370, which matures in 120-125 days, is suitable for borer-free areas. Another promising Basmati hybrid is IR-42.

Corn production is remaining steady, despite increased acreage in early-maturing varieties, which are ready for harvest in 75 to 100 days. Some hybrid varieties of corn have been imported from the Ford and Rockefeller Foundation for experimental purposes. Of these, J-1 has performed most satisfactorily under normal planting conditions.

ALTHOUGH PRODUCTION of **pulses** has declined as more acreage is irrigated, efforts are being made to develop higher yielding varieties. New chickpea varieties are C360/1 and Punjab 7, which are suitable for dryland farming, and CS26 and CS35, for irrigated areas. Whiteseeded hybrids, C/57 and C/147, give better yields than the standard Punjab 1.

Continuous research is underway to discover new varieties of pulses—lentils, mung beans, arhar, mash, and masoor—which combine disease resistance with high yields.

Cotton yields are being increased through the use of improved varieties, combined with abundant use of fertilizer, water, and plant protection measures. Several new high-yielding upland cottons introduced to Pakistan are highly promising, particularly MS-30 and MS-40, but commercial production of these varieties is expected to be very small. They are characterized by 1½-inch staple lengths and relatively high yields. Some research has been done in crossing adapted upland varieties with Egyptian cotton.

Pakistan's **sugarcane** acreage is trending upward, since relatively high prices have increased producer profits and encouraged farmers to extend cane area. Sugarcane output reached a peak in 1970 of 26.4 million tons—almost double the 1962 level—but declined by 13.2 percent in the 1971-72 season compared with the previous year. As with cereal crops, the shortage of irrigation water and fertilizer in 1971 and 1972 caused yields to decline slightly.

Two widely used varieties, L29 and CO L54, account for most of Pakistan's sugarcane output. But newly developed strains, especially BL 4 and LB 19, promise to up yields.

To increase production of **oilseeds,** Pakistan has introduced new varieties of peanuts, sunflowerseed, sesameseed, and soybeans from other countries. High-yielding varieties of peanuts from the United States and Africa are being tested under Pakistani growing conditions. Although peanut production in 1969 was triple the 1965 level, additional gains have been difficult to achieve.

Sunflowerseed has been imported from the Soviet Union and distributed free to selected farmers. Castorbeans have been planted on many hillsides which were previously unproductive. Also, experiments have shown that some areas near Rawalpindi are suited to soybean production.

Nearly all of Pakistan's **fruit** and **vegetable** production is for home consumption or local markets. According to rough estimates, Pakistan has almost doubled total vegetable output in the last decade, as production of vegetables and root crops rose from about 1 million tons in 1962 to 1.9 million in 1972. Even more rapid growth is expected in the next 5 years. Fruit crops have exhibited a steady but less spectacular rise.

Pakistan's exports of fruits and vegetables are comparatively small, owing to unsophisticated transportation and

(Continued on page 20)

3-million-ton imports forecast—

Sharply Reduced Crops Seen Expanding Mideast Grain Imports in 1973-74

Latest reports indicate that the prospective 1973 grain harvest of the Middle East (Turkey, Iran, and the countries between) is likely to be sharply below the relatively good 1972 level. Crops of wheat and barley, the two principal grains, are expected to total about 2.7 million tons less than in 1972.

As a result, the Middle East will probably not be able to repeat its good export performance—1.3 million tons of wheat and barley—of the current year. Instead, imports of the two grains could increase sharply to about 3.2 million tons in 1973-74 from the 1.8 million estimated for 1972-73.

Early-season dry weather raised questions about grain production in the Middle East this year. Rains provided relief in some areas as the season progressed. However, crops in Jordan, Israel, and Lebanon are still suffering, and—with harvest starting in May—their wheat production is expected to be about half the 600,000-ton bumper outturn of last year. This could increase their wheat import requirements by 250,000 tons to about 900,000. Barley imports by these countries were about 250,000 tons this year and may be up somewhat next season.

Conditions in Syria and Iraq have improved after early-season dryness, but crops may still be below average. These two countries grow wheat and barley in semiarid areas, and yields are normally low. Last year's abundant moisture doubled yields, allowing Syria to export 300,000 tons of wheat and Iraq to export some 150,000 tons of wheat and 250,000 of barley. The only imports were 100,000 tons of durum wheat by Syria. With the lower 1973 harvests, 1973-74 wheat imports by these two countries may be at a more usual level of about 1.1 million tons.

In Turkey, general rains have relieved drought conditions. Crop prospects are still below normal, but good rains in April and May could bring sufficient production to avoid imports. Average yields would turn out some 8.5 million tons of wheat and 3.5 million tons of barley. During 1972-73, Turkey exported 600,000 tons of wheat from its record 1971 harvest. If precipitation should be below average during the rest of the season, Turkey could have to import some wheat in 1973-74.

Iran was not affected by drought, and prospects are for yields close to those of 1972. Wheat imports are projected slightly higher at 700,000 tons, and barley at about the same level as the 250,000 tons of 1972-73.

—ANSEL S. WOOD
Grain and Feed Division
Foreign Agricultural Service

Tasmanian Fruit Up

The Department of Agriculture in Tasmania, Australia, in its mid-February estimate, puts the total Tasmanian apple crop at 6 million bushels, of which 4 million bushels are considered packable. This compares with a 1972 crop of 5,357,360 bushels. The total Tasmanian pear crop estimate is for 306,000 bushels, of which 230,000 bushels are packable. The 1972 crop was estimated at 317,450 bushels.

This season, increasing quantities of both Delicious and Golden Delicious apple varieties are evident. A number of Red Delicious strains now are being produced for the Hong Kong and Singapore markets.

Foreign Upland Cotton Area Unlikely To Change

Foreign upland cotton acreage in 1973-74 (August-July) will probably remain at about the 1972-73 level of approximately 66.5 million acres, according to a recent survey covering 20 major producing countries. The countries included in the survey have accounted for more than 90 percent of foreign upland cotton acreage in recent years.

Estimates were provided by U.S. Agricultural Attachés and Officers who have reporting responsibility for the countries included in the survey, plus assistance from Department of State officers stationed abroad in several instances.

Larger upland cotton acreage in 1973-74 was forecast for six countries, with the increases ranging from more than 10 percent in the case of Syria, almost 8 percent for Guatemala, between 5 and 6 percent for Argentina and Iran, 4 percent in El Salvador, to about 2.5 percent for Pakistan.

Reduced acreage is expected in seven countries. Decreases range from more than 8 percent in Mexico and Israel, about 6.5 percent in Greece, up to 5 percent in Turkey and Colombia, 3.5 percent for Brazil, to about 15 percent in Nicaragua.

No significant changes in acreage are expected in the USSR, People's Republic of China, India, Uganda, Tanzania, Australia, and Nigeria.

Acreage estimates for 1973-74 were also obtained for two major producers of extra long staple cotton—Sudan and Peru. No significant change in irrigated acreage (including extra long, long- and medium-staple cottons) is expected in the Sudan, although raingrown acreage is subject to weather fluctuations. Acreage in Peru seems likely to increase by perhaps 6 percent, mainly in extra long staple cotton.

The reporting officers were also asked to comment on cotton yield prospects in these countries for 1973-74. In the aggregate, yields are expected to increase next year in line with the long-term trend, mainly based on anticipation of a return to more normal levels in several countries that had poor weather conditions in 1972-73. Yield estimates are subject to wide margins of error, of course.

If the acreage and yield estimates gathered in the survey are realized, foreign cotton production in 1973-74 would increase by 1 to 1.5 million bales over the 1972-73 level. The largest potential increases would be in India and China if yields in those countries return to more normal levels in 1973-74.

CROPS AND MARKETS

El Salvador Ups Farm Budget

The Government of El Salvador recently boosted its farm budget by 64 percent to about $11 million. During the next 5 years (1973-77), public investment in the agricultural sector will reach some $136 million.

During the 5-year period, the Government's program calls for irrigation or drainage of nearly 52,000 acres; forestry development and reforestation on some 383,000 acres; and projects involving production of meat and milk as well as animal health, with a production target of 41,000 metric tons of beef and pork, and 332 million liters of milk. El Salvador intends to purchase, as part of the animal program, 10,000 dairy and beef heifers and 2,000 bulls during the 5-year period.

The United States, as El Salvador's traditional supplier, will have a good chance of supplying a large share of these animals. Most other Central American countries are seeking to develop their own dairy industries, while boosting the number of beef cattle, leaving few cattle for sale to El Salvador.

Emergency Assistance to Nicaragua

The world community and various international agencies have contributed nearly $40 million for current emergency assistance operations in Nicaragua. The U.S. Government has provided $29 million in food aid and nonfood relief, with U.S. voluntary agencies contributing an additional $2.4 million for relief purposes.

To date, the United States has made available approximately 55 million pounds of Title II commodities valued at $6.2 million. About 37 percent of this is a bilateral grant of 17 million pounds of corn, soy fortified flour, and vegetable oil approved for drought/earthquake relief. Ship diversions and release of U.S. voluntary agency in-country stocks account for an additional 14 million pounds, including flour, rolled oats, vegetable oil, and blended foods. The remaining 24 million pounds are made up of corn, flour, vegetable oil, and blended foods.

FATS, OILS, AND OILSEEDS

Spain To Subsidize Feed Firms

On February 3, 1973, the Spanish Committee for Economic Affairs agreed to subsidize feed manufacturers for the increased cost of soybean and fish meal. While details of the arrangement have not yet been made public, Spanish soybean meal prices in February 1973 were 80 percent above the figure of a year earlier and thus would require a substantial monetary outlay if full compensation were provided. The magnitude of the subsidies may be a key factor as it is known that no payments have been made to date.

GRAINS, FEEDS, PULSES, AND SEEDS

U.S. Grain Exports and Transportation Trends: Week Ending March 16

Weekly export inspections of wheat, feedgrains, and soybeans totaled 1.72 million metric tons for the week ending March 16—a 14-percent increase from the week before and just below the February weekly average.

Inland transportation was mixed. Railcar loadings of grain totaled 30,950 cars, up 8 percent from the previous week. Barge shipments of grain, at 482,000 metric tons, were down 18 percent from the week before.

GRAIN EXPORTS AND TRANSPORTATION TRENDS: WEEK ENDING MARCH 16

Item	Week ending Mar. 16	Previous week	Weekly average, Feb.	Weekly average, second quarter
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Weekly inspections for export:				
Wheat	544	621	670	557
Feedgrains	788	639	700	595
Soybeans	390	247	357	351
Total	1,722	1,507	1,727	1,503
Inland transportation:				
Barge shipments of grain	482	588	482	559
	Number	*Number*	*Number*	*Number*
Railcar loadings of grain	30,950	28,700	33,251	30,923

Uruguay Buys Argentine Wheat

Uruguay recently bought 140,000 tons of wheat from the Argentine Grain Board at $103 per ton f.o.b. It is expected to import 250,000 tons this December/November year, up from 119,000 tons last year, because of a drop in wheat production.

Feed Usage Up in Japan

Mixed feed production in Japan reached a record 16.8 million metric tons in 1972, up 8 percent from the previous year. The increase was about one-third higher than had been expected earlier in the year. Rapid increases in the usage of broiler and beef feeds offset the slowdown in the feed usage for layer rations. Per capita egg consumption is reaching a high level in Japan and is beginning to flatten out. However, between 35 and 40 percent of the mixed feed produced in Japan is still used for egg production. Production of broiler and beef cattle rations were both up 19 percent in 1972.

A record 11.8 million tons of grains and 490,000 tons of alfalfa products were used for mixed feed production in Japan in 1972. Grains accounted for over 70 percent of the feed ingredients used for mixed feed production in Japan in 1972.

The United States supplied two-thirds of the corn, 58 per-

cent of the sorghum, 35 percent of the wheat, and 77 percent of the alfalfa products. Japan's usage of U.S. feed ingredients for mixed feed production was up one-third from 1971.

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	March 28	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-14	3.12	0	1.98
USSR SKS-14	(1)	(1)	1.86
Australian FAQ[2]	(1)	(1)	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	2.69	−6	1.92
15 percent	2.71	−6	1.98
U.S. No. 2 Hard Winter:			
13.5 percent	2.70	−1	1.82
No. 3 Hard Amber Durum	2.86	−8	1.85
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	1.96	−2	1.43
Argentine Plate corn	2.19	−1	1.67
U.S. No. 2 sorghum	2.08	−3	1.50
Argentine-Granifero sorghum	2.05	−2	1.52
U.S. No. 3 Feed barley	1.68	−2	1.22
Soybeans:			
U.S. No. 2 Yellow	6.80	−9	3.70
EC import levies:			
Wheat[3]	[4] 1.67	+1	1.64
Corn[5]	[4] 1.27	+1	1.10
Sorghum[5]	[4] 1.15	0	1.03

[1] Not quoted. [2] Basis C.I.F. Tilbury, England. [3] Durum has a separate levy. [4] Effective October 14, 1971, validity of licenses with levies fixed in advance is a maximum of 30 days. [5] Italian levies are 23 cents a bu. lower than those of other EC countries.

Strong Wheat Demand in Nigeria

Nigeria's third flour mill is scheduled to begin operations this month. Two more mills are being built or about to begin construction in Nigeria and a large mill in Lagos is being expanded. Nigerian wheat imports were 275,000 tons in 1971-72 and are expected to reach 450,000 tons in 1972-73 and further expand to 675,000 tons in 1973-74. Most imports have been and are expected to be from the United States.

Thailand Planning Winter Rice Crop

The latest official estimate of the 1972-73 Thai rice crop is 11.8 million metric tons of paddy which is 13 percent lower than the 1971-72 crop and down from the earlier estimate of 12.2 million tons. The 1973-74 crop to be harvested this coming November-December is forecast at 14 million metric tons of paddy.

Thai rice supplies for 1972-73 are expected to be augmented by a winter rice crop now being transplanted in areas where there is adequate irrigation. This is a new development for most Thai farmers, but higher prices and strong export demand have been sufficient incentive for farmers to grow a winter crop where feasible. The current winter crop will be harvested in May-June 1973 and the Thai Government is estimating a production of 500,000 metric tons.

COTTON

Spain Reduces Duties On Cotton Imports

On February 1, 1973, Spain established a duty-free import quota for 4,000 metric tons of raw cotton, 1-1/32 to 1-3/32 inch staple lengths. The quota will be in effect through October 31, 1973. The duty had been at 13 percent since November 1972. The duty-free quota was established as a short-run concession to domestic textile producers during a low-production year for domestic growers.

Spain continues to regulate cotton imports closely through its system of quotas and licensing restrictions. In crop year 1972 (August-July) the United States exported to Spain 37,916 bales, mostly 1 to 1-1/8 staple lengths, valued at over $6.6 million. Although Spain's total cotton imports are down in the current crop year (due to overbuying in crop year 1972) the United States had already exported 31,751 bales to Spain through January 31, 1973.

LIVESTOCK AND MEAT PRODUCTS

German Veterinarian Inspects U.S. Meat Plants

The Federal Republic of Germany has assigned a veterinarian to the United States to inspect meat plants exporting or contemplating exporting to Germany. He will work out of West Germany's Chicago Consulate and will be responsible for issuing certificates for meat shipments destined for export to the Federal Republic.

With few exceptions, U.S. exports of meat products to the German Republic have been completely thawed and inspected upon entry into Germany. This has raised their cost and lowered their quality. The new certification procedure should end this practice.

DAIRY AND POULTRY

EC Subsidizes Poultry Exports Despite High Internal Prices

Despite high prices throughout the European Community (EC) for poultry meat and a strong concern there about rising living costs, the Common Agricultural Policy for poultry continues unchanged. Its unrealistically high levies limit imports and subsidies encourage exports.

In January 1973, French and German housewives typically paid an average of 58 cents and 55 cents per pound, respectively, for broilers. (Bureau of Labor Statistics reports the U.S. price was 44 cents for the same month.)

Despite these price levels, continued poultry exports from the Community are encouraged by the export subsidies. Trade reports indicate that 400 tons of West German broilers were sold to Saudi Arabia at a subsidized price of 33.5 cents per pound f.o.b. German port, although poultry traders report strong pre-Easter domestic markets. These exports are the result of continuing large supplies of Dutch broilers on the German market in addition to domestic production.

Other mid-East and Far East destinations are likewise cited in European trade reports of poultry shipments. Chile was a frequent buyer in late 1972 and early 1973 of EC poultry under large-scale subsidized export contracts.

FRUITS, NUTS, AND VEGETABLES

Israeli Oranges and Grapefruit to New Zealand

New Zealand has imported about 80,000 cartons of oranges from Israel and 2,000 cases of grapefruit, for the first time in 4 years and the second since the end of World War II.

In the past New Zealand found it impractical to import fruit from Israel because the fruit fly is endemic in the area; suitable commercial arrangements could not be made with Israeli exporters; and New Zealand Government cold storage requirements for fruit enroute to that country were cumbersome. Now, however, improved field control procedures have been implemented in Israel to reduce the incidence of the fruit fly, new fumigation facilities established, and better inspection and supervision methods instituted.

Normally California is New Zealand's principal orange supplier between January and May, and there is no competition from other suppliers except in times of emergency. Australia and the Cook Islands supply New Zealand with oranges between June and December.

However, because of the California frost, New Zealand's sole importer was able to obtain only about 52,000 cartons of California oranges this year. The importer also purchased about 28,000 cartons of Florida oranges and some 10,000 cartons of Florida grapefruit. It is uncertain how much additional trade, if any, will take place this year.

Last year, New Zealand bought about 250,000 cartons of California oranges.

Taiwan Buying U.S. Apples

Taiwan has just purchased 33,000 boxes of Washington/Oregon apples, following discussions here between a Chinese representative and U.S. industry and Government officials. Purchases of next year's crop could exceed 100,000 boxes.

U.S. apples have been excluded from Taiwan in past years until a recent Taiwan decision to open its market to U.S. apples as a replacement for Japanese supplies.

SUGAR AND TROPICAL PRODUCTS

Ecuador's Pyrethrum Crop Lower

Ecuador's pyrethrum production in 1972 totaled only 640 metric tons (dry flower basis), off 26 percent from the small 1971 harvest of 860 tons. After peaking in 1968 at 1,900 tons, Ecuador's pyrethrum crops have been steadily trending downward, reflecting lower replantings and labor problems. However, Ecuador is fighting to maintain its position as the world's third largest pyrethrum producer after Kenya and Tanzania.

As pyrethrum cultivation requires a large amount of hand labor, the African growers have a competitive advantage because of their lower labor costs. To improve their position, Ecuadorean growers are being encouraged to replant with improved varieties yielding a higher pyrethrins content than the African average of about 1.3 percent. New plants with an average yield potential of 2 percent are to be distributed to growers next year. But as it takes about 3 years for the plants to mature, the results from this program will not be felt for at least 4 years.

World demand for pyrethrum products has been increasing and prices have been trending upward. Prices to Ecuadorean growers in 1964 were about $700 per metric ton (dry flowers), increasing to $800 by 1970. Currently growers are being paid about $950.

Ecuador's export sales of pyrethrum totaled about $540,000 in 1972, down from $950,000 during the year before, and considerably below a record $1.9 million in 1965.

U.S. imports of pyrethrum in 1972 totaled $8.7 million, mostly from Kenya and Tanzania with $111,000 worth coming from Ecuador.

Paraguay's Sugar Output Reduced in 1972

Recent estimates of Paraguay's 1972 sugar crop have been revised downward due to drought. Earlier estimates of 60,000 metric tons have fallen to 53,000 tons, a drop of 5 percent from the 56,000 tons produced in 1971.

The forecast for 1973 production is again for 60,000 metric tons as output moves gradually upward. During the January-October period of 1972, Paraguay exported 12,000 tons valued at nearly $2 million, mostly to the United States and Greece.

ICO Board Modifies Agreement

The Executive Board of the 62-member country International Coffee Organization met in London during the week of February 26-March 2 to consider the renegotiation or extension of the International Coffee Agreement, which expires September 30, 1973.

Following its deliberations the Board agreed to recommend a 1-year extension of the Agreement but without its economic provisions. Thus, the Organization would essentially function as an entity to collect and disseminate statistical material and to provide a forum for discussion of coffee problems.

The ICO Executive Board and the Council will hold successive meetings to act on the recommendation. The former will meet April 5-11; the latter April 12-14.

New Foreign Agriculture Circulars

- U.S. Trade in Livestock, Meat, and Meat Products in 1972 (FLM-3-73)
- World Cotton Production Up Only 3 Percent Because of Poor Weather (FC-7-73)
- Current Status of Cotton and Cotton Product Purchase Authorizations Issued Under Public Law 480 (FC-8-73)
- Tight World Production and Exports of Oilseeds and Meals to Continue Until Late 1973 (FFO-4-73)

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Food Prices Are Worldwide Problem *(Continued from page 7)*

tab'e on page 4, for instance, show the United States bettered only by Canada in keeping food prices down since 1963. For 1972, the OECD index of average U.S. prices stood at 135.4 compared with 133.7 reported for first-placed Canada.

In the developing countries, price indices are not as representative as those of the developed world, as they usually are based on prices in urban areas of countries that are still largely agrarian. Generally speaking, the percentage of developing countries reporting large price increases has been smaller than that of developed countries, but those that do report big gains often have whoppers. In 1971, for instance, the Khmer Republic had a food price increase of 100 percent, mainly because of higher prices for rice, whose production was affected by civil strife. Argentina that year recorded increases of 42 percent; and Brazil, Chile, and Uruguay, about 24 percent each.

Chile topped these figures with a jump of 243.3 percent in 1972, according to Government of Chile calculations. Sharp gains in prices of fruits and vegetables, red meats, poultry, and fish accounted for most of the increase.

Because developing countries are often highly dependent on production of raw materials, their prices are generally more affected by changing supply than developed countries.

—BEVERLY J. HORSLEY

Pakistan Boosts Farm Production *(Continued from page 15)*

marketing systems, and the industry is unlikely to become a competitive force on world markets. However, commercial production of vegetables for export to the oil-rich Middle Eastern markets is expected to gain in importance. Additional growth may result from greater use of tractors to prepare land for vegetables after rice and cotton are harvested.

Improved varieties of melons, eggplant, and tomatoes are spurring the output of these crops during the summer. In winter, high-yielding types of onions, turnips, cauliflower, and other vegetables provide fresh produce to urban consumers.

Potato production has almost doubled in the past decade. Pakistan is trying to develop high-yielding potato varieties which resist late blight and wilt. Foreign seedstock has been imported to cross with native varieties.

The output of dates has risen in recent years and, according to rough estimates, reached 180,000 tons in 1972. Date tree plantings in newly irrigated areas near Quetta in the western part of the country will insure continuing supplies. Date production soared to 133,000 tons in 1964, when many new gardens came into production, compared with 53,000 tons in 1963. As with other fruits, most of this crop is grown for local markets and should not be considered as commercial production.

Pakistan's banana production of 65,000 tons in 1972 was nearly triple the 1962 level—23,000 tons. New banana and mango plantations have been planted in the southern part of the country to supply the growing demand in Karachi. Other new orchards and vineyards in the foothills extending from Peshawar to Murree are providing urban markets with more fresh fruit.